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1. Chemapol Joint Stock Company, for Export and Import of Chemical Raw Materials and Chemical Products, was set up on 1 August 1948. Chemapol was located in Prague on Panska Street and had a branch office in Bratislava on Hviezdoslav Street. This branch office was liquidated by 1 January 1952. The company was created from Department C, the Commercial Department, of the then Czechoslovak Chemical Works, National Corporation. Chemapol, like all the Czechoslovak import and export monopolies, bore the title of Joint Stock Company, and it was rumored that the Ministry of Finance held the joint stock. However, it was officially known to the leading personnel of Chemapol that the Czechoslovak import and export monopolies were called joint stock companies to give the impression in the Western world that the companies in question were privately owned. In practice, Chemapol, like the other companies of this kind, was rather a state administration office.

2. The outline of the organization of Chemapol is given below. The organization of other monopoly import and export companies was about the same. It was rumored in spring 1952 that the Commercial Division of Chemapol would be reorganized slightly. In any case, however, the essential features of the work will not change. The essential elements of the Chemapol organization were as follows: first, General Manager and Deputy General Manager with a secretariat; second, a group of several independent departments serving both the administration and commercial activities; third, administration division; fourth, commercial division.

General Manager

3. The General Manager of Chemapol governed the activities of the company, conforming to the directives given him by the Ministry of Foreign

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Trade and by the Communist Party. He was in steady contact with the Minister of Foreign Trade and with all the economic representatives of the CP as well as with the Economic Board (hospodarska rada) of the CP. The General Manager also attended the regular monthly meetings at the Ministry of Foreign Trade which included the Minister and the general managers of the other monopolies. Further, the General Manager intervened personally in Chemapol activities whenever the need arose. The first General Manager of Chemapol was Dr. SADA who was retired on 1 July 1951. He was succeeded by KREJCA, who had formerly been employed in the Planning Department of Chemapol. Originally KREJCA was a worker in the factory of the United Chemical Works at Usti nad Labem. KREJCA attended the training school for new cadres for foreign trade which was set up by the Ministry.

4. The activities of the Deputy General Manager were not officially delimited, and his activities depended on an agreement between himself and the General Manager. The first Deputy General Manager was Ing. BULATY, who was an old CP member and personal friend of President GOTTWALD. BULATY was one of the founders of Chemapol. However, he resigned before the end of 1948 and became a lathe operator with the Skoda works in Prague-Smichov. Ing. RUZICKA is the present Deputy General Manager. RUZICKA was in the Planning Department of the company from its inception. He was a model worker and was active with the Czechoslovak Youth Union.
5. The General Manager was assisted in his activities by a secretariat consisting of a secretary and two or three typists. KOCKA, a CP member, a former baker, was secretary.

Independent Departments

6. The General Manager was also assisted by a group of independent departments which carried a share of responsibility. (If the position of General Manager, within the CP organization, was strong, only these departments were blamed for any failures which occurred, and the General Manager was not held responsible.) These departments were the Cadre and Personnel Department, Security, Legal Department, Sickness and Health Department, and Control Department. All of these departments collaborated closely both with the General Manager and with the corresponding departments of the Ministry of Foreign Trade.

a. Cadre and Personnel Department

This Department was responsible, along with the General Manager, that the political line was followed according to the instructions of the CP. It further guaranteed the political training of the employees and the suitable replacement of unreliable employees by employees from workers' cadres. This Department collaborated with the so-called Action Committee (Provozni vybor) which was an organization of the employees, the task of which was to schedule all the Communist propaganda measures for raising the quality and quantity of work. The Cadre Department had informants among the employees of the company who reported all actions of employees to the Cadre Department which might aid in establishing the so-called cadre evaluation (posudek) of them. The personnel section was a part of the Cadre Department and handled all usual personnel routine matters. HALADA, a CP member, a former worker with the Stalin Works in Most, was the head of the Cadre and Personnel Department.

- b. The Department of Sickness and Health was a section of the personnel department and was set up in 1952. It collaborated closely with the Plant Council. Dr. NETVAL, MD, an anti-Communist, headed this section.

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- c. The Security Department handled all security measures and controlled the application of them. VERNER ([redacted]) was the first security officer. 50X1 [redacted] 50X1
- d. The Legal Department handled all legal questions.
- e. The Control Department was very important and regularly checked up on all the commercial activities of the company. For instance, it checked if individual activities strictly conformed to the regulations, if the individual purchasing official used the lowest possible bid, and on the necessity of purchase of a certain type of goods from a certain country. The Control Department was entitled to report directly to the Control Department of the Ministry of Foreign Trade even in those cases when the General Manager and Control Department disagreed.
7. The General Manager was also assisted by the Plant Council and the company CP organization. The Plant Council was unimportant and was used only when some unpleasant news had to be communicated to the company employees. The CP organization, however, was rather important. Questions dealing with commercial activities or with collaboration between various monopolies or between Chemapol and various industrial plants were discussed in the meetings of the CP organization. The General Manager was merely like any other CP member so far as the company CP organization was concerned, and he was under the constant influence of the other members.

Administration Division

8. The Administration Division of the company consisted of the following departments:
- a. Accounting Department and Cashier. This Department assisted the individual purchasing and sales officials in opening letters of credit, payment and receipt of accounts, in maintaining relations with the National Bank, etc. This Department followed the instructions of the Commercial Division.
 - b. Mail Department
 - c. Real Estate Department
 - d. Maintenance
 - e. Investment Department
 - f. Motor Pool
 - g. Communications Department

The Administration Division was headed by Ing. KSIKAL, a former employee of Melantrich, a printing company sponsored by the Czechoslovak National Socialist Party (Benes Party). KSIKAL was a former member of that Party but became a zealous CP member after 1948.

Commercial Division

9. This Division handled all the commercial activities of Chemapol. It was made up of two main branches; the first branch consisted of seven independent departments which served the second branch of the Commercial Division. The second branch performed the actual export-import trade activities. The seven independent departments were as follows:

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10. Planning Department

a. This department set up the yearly export-import plan of Chemapol. For this purpose every purchasing and sales official in the second branch of the Commercial Division set up a plan for the commodities he handled, submitted this plan to the chief of the department to which he was subordinate, and the individual purchasing and sales departments submitted the plan of their departments to the chief of the group to which they were subordinate. See below par. 18. Each of the eight purchasing and sales groups set up an export-import plan of their group and took up the question with the manager of the Commercial Division, who, in turn, took up the subject with the Planning Department and with the General Manager, Deputy Manager, and other top employees of the company. After the plan was formed, the Planning Department of the company, which coordinated regularly with the Planning Department of the Ministry of Foreign Trade, with the Planning Department of the Ministry of Chemical Industry, and with the State Planning Office, submitted the Chemapol export-import plan to the Ministry of Foreign Trade. The Ministry of Foreign Trade, which coordinated with the Ministry of Chemical Industry, submitted the plan of the company to the State Planning Office. The State Planning Office received two import and export plans dealing with chemical products and raw materials: the first plan was submitted by the Ministry for Foreign Trade; the second plan was submitted to the State Planning Office by the Ministry of Chemical Industry. This latter Ministry listed and put in order all the needs for goods to be imported and all the possibilities to export goods of the individual chemical plants. Further, the Ministry of Chemical Industry coordinated with the Ministry of Internal Trade, which in turn put in order all the needs of individual consumer outlets, which were subordinate to this Ministry, such as Chemodroga National Corporation or Sanitas National Corporation. The Ministry of Chemical Industry was also in direct contact with these various consumer outlets. The State Planning Office combined these two import-export plans and fixed the quantities of chemical products or raw materials to be imported or exported as well as the final amount of money involved. The Ministry of Foreign Trade then budgeted the various individual amounts of money within the total amount set by the State Planning Office. Actually, regular coordination was maintained between the Ministry of Foreign Trade and the Ministry of Chemical Industry during the period the import and export plans were being set up. Therefore the two import-export plans agreed in all the essential features, and the State Planning Office had to settle only minor differences.

b. The Planning Department also collected all proposals and suggestions in regard to Czechoslovak State trade agreements. The Department transmitted these proposals and suggestions to the Ministry of Foreign Trade. Further, the Planning Department controlled the fulfillment of trade agreements with the Eastern Bloc countries.

11. Territorial Department. This Department was formed of several sections representing individual foreign countries or groups of foreign countries. This Department followed the trends of the foreign market and investigated possibilities for export and import business. Further, this Department supervised the activities of Chemapol agents and of Chemapol representatives. See [redacted] It was desired to have an official Chemapol representative in every country; however, this was impossible because there was an extreme shortage of professionally qualified and politically reliable

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personnel. It could also happen that a person chosen would not be granted an entry permit by the foreign country to which he was to be sent. There were about 10 Chemapol representatives abroad. They were in all the Eastern Bloc countries and in France and England.

12. Department for Barter Trade. This Department collected and worked on proposals and suggestions for trade on a barter basis. Czechoslovakia carried on trade on a barter basis with several countries with which it had no trade agreement, and in other cases, where there was an agreement, barter trade was carried on because regular trade was hampered by lack of foreign currency. Some of the states with which Czechoslovakia traded on this basis, having no trade agreements, were Italy, Spain, Portugal, and Mexico. Of course the actual trade negotiations on a barter basis were handled by the purchase and sales officials.
13. Information Department. This Department collected information from the individual Chemapol departments. It also collected information of interest to Chemapol from various trade magazines and newspapers. It published all of this information for the use of Chemapol. Each official received a copy of this publication.
14. Department of Trade Fairs and Exhibitions. This Department organized the showing of goods handled by Chemapol in both foreign and domestic exhibitions. Officials of this Department acted as representatives of the company at exhibitions.
15. Shipping Department. Until the end of 1950 the Shipping Department of Chemapol handled all large shipments and collected various information on shipments, such as shipping charges, customs, etc. Small shipments were handled by various shipping agents and supervised by the Chemapol Shipping Department. Starting with 1951 all the activities of this Department and all its officials were transferred to Metrans AS, a shipping monopoly. Only a shipping information desk was maintained within Chemapol.
16. Contract Department. This Department was set up in January 1950 after the Soviet pattern. This Department handled all the domestic contracts between Chemapol and its domestic suppliers and consumers. Further, this Department handled the breach-of-contract penalties (caused by non-fulfillment of contracts between Chemapol and its domestic suppliers or consumers).
17. It is to be pointed out that individual purchasing and sales officials made the decisions and were responsible in their field for all Chemapol commercial activities and that the commercial departments listed above paragraphs 9 - 16 only assisted the commercial officials and organized activities uniformly for all of Chemapol. Those departments received their instructions also from the corresponding departments of the Ministry of Foreign Trade, with which they cooperated closely.
18. The second branch of the Commercial Division consisted of eight groups (numbered I through VIII). Each of these groups attended to the purchase and sale of certain specified types of chemical products and chemical raw materials. Similar products were placed together under each group, 50X1
Each of the eight groups consisted of from two to four departments, and every department had from two to six sections. Each section was headed by a purchase and sales official. Every department had a four-digit number designation under which it was known. (For instance, Department for Creosol, Phenol-powder, Formaldehyde, Menthanol, Pyrocatechin, Artificial Resin--3411.) These numbers had no other significance than for department designation. The individual sections did not have any designation.

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19. The Commercial Division of Chemapol was headed by a Commercial Manager. [redacted] HLOCH, a CP member and a Chemapol employee in the Territorial Department in the section for the USSR, was named Commercial Manager. During 1952 HLOCH became General Manager of Metalimex AS, and Lubomir PESL was named Commercial Manager of Chemapol. PESL was a former student of medicine, whose studies were disrupted by the German occupation. During World War II, PESL was an employee of the United Chemical Works and was known as an active member of a pro-fascist Czechoslovak youth organization. He became an ardent Communist after 1945 and continued to be employed with the United Chemical Works in the department for exports and imports. Later, he was transferred to Chemapol, where he was employed in the Department for Barter-Trade.
20. Chemapol had about 1,000 employees at the beginning of its existence. This number had decreased to some 300 employees. [redacted] This decrease had been planned and was justified, because all international trade in Czechoslovakia had been much simplified and was rather like a state administration than trade activities. Further, all shipping activities, which are usually made in the West by the commercial enterprise, were transferred to a special shipping monopoly. In addition, all the international trade agreements were contracted by special delegations of the state, and the purchasing and sales officials of Chemapol acted rather as administrators than as businessmen, especially in relations with countries of the Eastern Bloc; 75 to 80% of Czechoslovak international trade was with these countries.

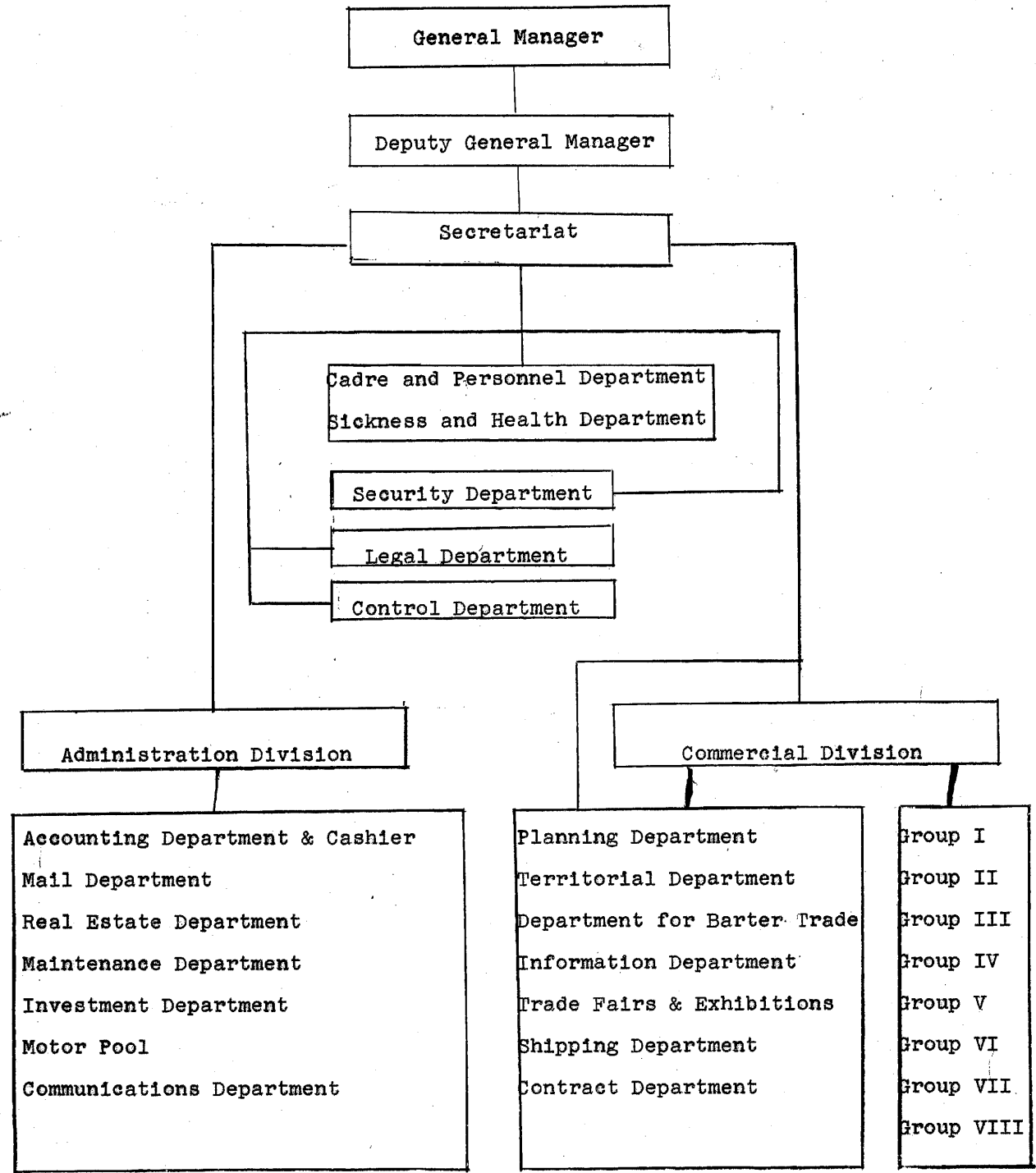
Organizational Chart of Chemapol

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Organizational Chart of Chemapol



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